

City of Santa Fe, New Mexico
Notes to the Financial Statements
June 30, 2003

The Municipal Recreation Complex, reported as an Enterprise Fund, is reporting excess expenses over appropriations of \$1,111,854. This was caused by depreciation expense which is a non-budgeted item.

The Genoveva Chavez Community Center, reported as an Enterprise Fund, is reporting excess expenses over appropriations of \$415,938. This was caused by depreciation expense which is a non – budgeted item.

The Santa Fe Development Corporation, reported as a component unit, is reporting excess expenses over appropriations of \$71,564. The overage was funded by net assets.

C. Deficit fund equity

The Municipal Recreation Complex, reported as an enterprise fund, has a deficit fund equity of \$3,796,460 as of June 30, 2003. The deficit is the result of a portion of the bond proceeds being required for start-up costs, including capitalized interest and working capital. In addition, retained earnings were reduced by the current year depreciation.

IV. Detailed notes on all funds

A. Deposits and investments

At year-end, the carrying amount of deposits for the City of Santa Fe was \$5,820,609 and the year-end bank balance was \$7,767,906. The total of demand deposits and short-term certificates of deposit were covered by Federal Depository Insurance or by collateral held by the City's agent in the City's name.

The carrying amount of deposits for Housing Authority, presented as a component unit, was \$896,113 and the bank balance was \$1,112,005. All bank balances should be covered by federal depository insurance or by collateral held by the City's agent in the Housing Authority's name. However, two accounts were discovered to be under-collateralized, which has since been corrected.

The amount of the City's investment in the New Mexico State Treasurer's Pool is reported at cost; the fair value is equal to the invested amount. The Local Government Investment Pool is operated by the State Treasurer's Office within the guidelines of state statute; compliance is ensured by the State Board of Finance.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, with securities held by the City or its agent in the City's name.
2. Uninsured and unregistered, with securities held by counterparts trust department or agent in the City's name.

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3. Uninsured and unregistered with securities held by the counterparts or by its trust department or agent but not in the City's name.

At year-end, the City's investment balances were as follows:

	Categories			Reported Amount/ Fair Value
	1	2	3	
U. S. Government and Municipal Securities	\$ 39,015,305	\$ -	\$ -	\$ 40,587,624
Forward Purchase Agreements	901,163	-	-	901,163
Total	39,916,468	-	-	41,488,787
Investments not subject to categorization:				
Money Market Mutual Funds	-	-	-	52,252,632
State Treasurer's Investment Pool	-	-	-	28,000,000
Total Investments	39,916,468	-	-	121,741,419
Less: Joint Venture Share	-	-	-	(12,184,901)
Total Investment	\$ -	\$ -	\$ -	\$ 109,556,518

At year-end, the component unit's investment balances were as follows:

	Categories			Fair Value
	1	2	3	
U. S. Government Securities	\$ 324,422	\$ -	\$ -	\$ 324,422
Repurchase Agreements	518,493	-	-	518,493
Investments not subject to categorization:				
Mutual Fund	-	-	-	1,772,864
Total Investments	842,915	-	-	2,615,779

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B. Receivables

Receivables at June 30, 2003 for the City's individual major funds, nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	1/2% CIP GRT	Debt Service	Waste water Mgmt	Water Mgmt	MRC	GCCC	Nonmajor and Other Funds	Total
Receivables:									
Taxes	\$ 9,214,014	\$ 2,351,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,831,206	\$ 14,396,380
Assessments	179,760	-	-	-	-	-	-	-	179,760
Grants	56,457	-	-	-	678,086	2,799	-	3,720,336	4,457,678
Accounts	-	-	-	1,804,271	10,021,239	256,537	-	2,144,427	14,226,474
Interest	43,760	-	38,936	57,207	69,693	1,824	4,626	325,825	541,871
Ambulance	6,193,533	-	-	-	-	-	-	-	6,193,533
Other	43,779	120,876	-	-	-	-	-	4,532,798	4,697,453
Gross Receivables	15,731,303	2,472,036	38,936	1,861,478	10,769,018	261,160	4,626	13,554,592	44,693,149
Less: Allowance									
Uncollectible:	(3,921,531)	-	-	(555,398)	(2,604,153)	-	-	(567,282)	(7,648,364)
Total Primary Government	11,809,772	2,472,036	38,936	1,306,080	8,164,865	261,160	4,626	12,987,310	37,044,785
Component Units:									
Grants and tenants	-	-	-	-	-	-	-	103,796	103,796
Other	-	-	-	-	-	-	-	17,893	17,893
Total Component Units:	-	-	-	-	-	-	-	121,689	121,689
Total Receivables	\$ 11,809,772	\$ 2,472,036	\$ 38,936	\$ 1,306,080	\$ 8,164,865	\$ 261,160	\$ 4,626	\$ 13,108,999	\$ 37,166,474

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable
Land Sale Contract - (Special Revenue)	\$ 4,189,679
Special Assessments - (CIP Project)	129,189
Reimbursement of Gas line extention - (General Fund)	43,779
Special Assessments - (General Fund)	3,608
Liquor Licences - (General Fund)	39,050
Total Deferred/Unearned Revenue for Governmental Funds	\$ 4,405,305

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C. Capital assets

Capital asset activity for the year ended June 30, 2003 was as follows:

Primary Government

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 24,387,283	\$ 618,515	-	\$ 25,005,798
Construction in Progress	12,492,205	12,122,174	(23,614,272)	1,000,107
Art	414,588	445,332	-	859,920
Total Capital Assets not being Depreciated	37,294,076	13,186,021	(23,614,272)	26,865,825
Capital Assets being Depreciated:				
Buildings	28,518,927	4,999,619	(216,455)	33,302,091
Improvements	14,230,339	4,816,720	(176,070)	18,870,989
Equipment, Machinery, Utility, systems	12,381,094	624,442	(372,850)	12,632,686
Furniture and Fixtures	655,484	27,293	(86,192)	596,585
Vehicles	12,467,408	563,753	(301,681)	12,729,480
Data Processing and Software	5,324,971	449,275	(172,743)	5,601,503
Traffic Signals	20,510,330	-	-	20,510,330
Streets	91,284,862	12,843,546	-	104,128,408
Total Capital Assets being Depreciated	185,373,415	24,324,648	(1,325,991)	208,372,072
Less: Accumulated Depreciation for:				
Buildings	(4,786,558)	(486,343)	43,744	(5,229,157)
Improvements	(8,099,631)	(1,002,197)	25,800	(9,076,028)
Equipment and Machinery	(8,527,863)	(943,092)	372,707	(9,098,248)
Furniture and Fixtures	(428,096)	(39,364)	68,889	(398,571)
Vehicles	(8,287,688)	(1,114,607)	264,485	(9,137,810)
Data Processing and Software	(3,535,116)	(1,375,608)	951,491	(3,959,233)
Traffic Signals	(13,290,321)	(1,278,925)	-	(14,569,246)
Streets	(72,421,327)	(3,587,853)	-	(76,009,180)
Total Accumulated Depreciation	(119,376,600)	(9,827,989)	1,727,116	(127,477,473)
Total Capital Assets being Depreciated	65,996,815	14,496,659	401,125	80,894,599
Governmental Activities Capital Assets	\$ 103,290,891	\$ 27,682,680	\$ (23,213,147)	\$ 107,760,424

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	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 5,648,409	\$ 22,664	\$ -	\$ 5,671,073
Construction in Progress	16,316,307	8,317,280	(13,748,482)	10,885,105
Art	185,971	-	-	185,971
Total Assets not being Depreciated	22,150,687	8,339,944	(13,748,482)	16,742,149
Capital Assets being Depreciated:				
Buildings and Structures	56,788,600	282,570	-	57,071,170
Improvements	91,665,570	15,854,129	-	107,519,699
Sewerlines	21,120,966	-	-	21,120,966
Equipment and Machinery	11,972,721	869,804	(423,300)	12,419,225
Furniture and Fixtures	689,705	14,253	-	703,958
Vehicles	14,815,901	844,549	(970,876)	14,689,574
Intangible Plant	57,625	-	-	57,625
Data Processing	811,072	72,369	(34,153)	849,288
Software	535,928	462,727	(333,221)	665,434
Total Assets being Depreciated	198,458,088	18,400,401	(1,761,550)	215,096,939
Less Accumulated Depreciation for:				
Buildings and Structures	(15,430,615)	(1,493,914)	-	(16,924,529)
Improvements	(23,447,593)	(6,555,118)	-	(30,002,711)
Sewerlines	(10,015,838)	(566,056)	-	(10,581,894)
Equipment and Machinery	(9,177,649)	(896,453)	237,432	(9,836,670)
Furniture and Fixtures	(366,348)	(87,634)	-	(453,982)
Vehicles	(7,869,862)	(1,538,588)	814,260	(8,594,190)
Intangible Plant	(42,460)	6,066	-	(36,394)
Data Processing	(656,189)	(71,332)	34,590	(692,931)
Software	(141,326)	(153,133)	93,956	(200,503)
Total Accumulated Depreciation	(67,147,880)	(11,356,162)	1,180,238	(77,323,804)
Total Capital Assets being Depreciated	131,310,208	7,044,239	(581,312)	137,773,135
Business-type Activities Capital Assets	\$ 153,460,895	\$ 15,384,183	\$ (14,329,794)	\$ 154,515,284

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Discretely presented component units:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated:				
Land	\$ 290,852	\$ -	\$ -	\$ 290,852
Construction In Progress	1,342,228	161,903	(712,165)	791,966
Total Capital Assets not being Depreciated	1,633,080	161,903	(712,165)	1,082,818
Capital Assets being Depreciated:				
Buildings and Improvements	20,432,298	739,963	-	21,172,261
Furniture and Fixtures	243,759	-	-	243,759
Vehicles	117,818	17,697	(23,465)	112,050
Machinery and Equipment	133,071	5,979	-	139,050
Total Capital Assets being Depreciated	20,926,946	763,639	(23,465)	21,667,120
Less: Accumulated Depreciation For:				
Buildings	(12,162,322)	(582,503)	-	(12,744,825)
Furniture and Fixtures	(225,567)	(6,698)	-	(232,265)
Machinery and Equipment	(105,082)	(13,740)	-	(118,822)
Vehicles	(107,941)	(21,237)	17,902	(111,276)
Total Accumulated Depreciation	(12,600,912)	(624,178)	17,902	(13,207,188)
Total Capital Assets being Depreciated, Net	8,326,034	139,461	(5,563)	8,459,932
Discretely Presented Component Units'				
Capital Assets, Net	<u>\$ 9,959,114</u>	<u>\$ 301,364</u>	<u>\$ (717,728)</u>	<u>\$ 9,542,750</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 2,680,713
Public Safety	550,345
Highways and Street, excluding depreciation of general infrastructure assets	5,095,129
Community Welfare	115,395
Culture and Recreation	434,950
Subtotal	8,876,532
Capital Assets held by the City's Internal Service Funds are charged to the various functions based on their usage of the Assets	20,172
Total Depreciation Expense - Governmental Activities	<u>\$ 8,896,704</u>

Business - Type Activities:

Sweeney Convention Center	\$ 17,022
Parking Operations	110,419
Solid Waste Management	785,028
Wastewater Management	3,284,490
Water Management	3,246,753
Municipal Recreation Center	1,482,000
Genoveva Chavez Community Center	550,502
Airport	333,380
Transit Operations	855,414
Total Depreciation Expense - Business-Type Activities	<u>\$ 10,665,008</u>

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Construction commitments

The City has active construction projects as of June 30, 2003. The projects include street and highway construction, parks and recreation, municipal facilities, landfill facilities, airport improvements, and water division facilities improvements. At year end the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitments
Street and Highway Construction	\$ 22,965,374	\$ 3,495,031
Parks and Recreation	6,334,658	318,145
Municipal Facilities Improvements	3,206,003	227,413
Airport Improvements	5,165,926	610,907
Water Division Improvements	6,820,255	8,515,922
Landfill Improvements	1,261,104	345,813
Total	\$ 45,753,320	\$ 13,513,231

The commitment for streets and highways is being financed by grants from Federal Highway Administration, New Mexico Highway and Transportation Department, gross receipts tax revenue bonds and existing resources from aerial photo fund, sewer line extension fund, economic development fund and Tierra Contenta fund, and capital improvements project fund (CIP). The commitment for parks and recreation is being financed by a grant from New Mexico Department of Finance and Administration, gross receipt tax revenue bonds, a grant from U.S. Soccer Foundation and from existing resources of general fund and Tierra Contenta fund. Public care facilities are being financed by a grant from the State Agency on Aging, gross Highway Administration and New Mexico Highway and Transportation Department. Commitments for the water management improvements are financed by gross receipts tax revenue bonds. Contractor commitments for the waste water treatment facility are financed by revenue bonds secured by gross receipts revenues and existing resources from the CIP fund.

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D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2003, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund		
Special Revenue Funds:		
Affordable Housing	\$ 30,899	\$ -
Senior Citizen Grants	855,401	-
Transportation Grants	1,802	-
Library Grants	22,691	-
Capital Improvement Funds:		
Library Grants	602	-
Special Revenue Funds:		
General Fund	-	910,793
Capital Improvement Funds:		
CIP Reallocation	100,000	-
Capital Projects Funds		
General Fund	-	602
Special Revenue Fund	-	100,000
Enterprise:		
Parking Operation	231,483	-
Water Management	19,624,545	-
Enterprise Funds		
Capital Project Funds:		
1/2% Gross Receipts Tax	-	19,856,028
Component Units		
Enterprise Funds		
Housing Authority		
Section 8 - Voucher	-	172,990
Santa Fe Housing Development Corporation	19,576	-
La Cieneguita	41,364	-
Santa Fe Housing Development Corporation:		
Housing Authority	-	19,576
La Cieneguita	-	41,364
Section 8 - Voucher		
Housing Authority	172,990	-
Total All Funds	\$ 21,101,353	\$ 21,101,353

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Interfund transfers:

Transfer Out To							
Fund Disbursing	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise Funds	Internal Service	Total
General Fund	\$ -	\$ 2,860,201	\$ -	\$ -	\$ 295,000	\$ -	\$ 3,155,201
Special Revenue	2,346,862	3,387,935	4,664,788	511,801	7,170,575	-	18,081,961
Capital Projects	221,000	-	9,505,538	3,690,610	1,220,096	-	14,637,244
Debt Service	-	-	-	-	-	-	-
Enterprise Funds	86,483	33,333	-	176,700	158,315	-	454,831
Internal Service	711,453	34,929	-	9,182	107,030	1,233,286	2,095,880
Total	\$ 3,365,798	\$ 6,316,398	\$ 14,170,326	\$ 4,388,293	\$ 8,951,016	\$ 1,233,286	\$ 38,425,117

Transfer In From							
Fund Disbursing	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise Funds	Internal Service	Total
General Fund	\$ -	\$ 2,346,862	\$ -	\$ 221,000	\$ 86,483	\$ 711,453	\$ 3,365,798
Special Revenue	2,860,201	3,387,935	-	-	33,333	34,929	6,316,398
Capital Projects	-	511,801	-	3,690,610	176,700	9,182	4,388,293
Debt Service	-	4,664,788	-	9,505,538	-	-	14,170,326
Enterprise Funds	295,000	7,170,575	-	1,220,096	158,315	107,030	8,951,016
Internal Service	-	-	-	-	-	1,233,286	1,233,286
Total	\$ 3,155,201	\$ 18,081,961	\$ -	\$ 14,637,244	\$ 454,831	\$ 2,095,880	\$ 38,425,117

The City has numerous interfund transactions during the course of the fiscal year. These transactions are treated as follows:

1. Interfund services provided and used are accounted for as revenues and expenditures/expenses in the funds involved. These types of transactions include administrative overhead charges that are charged to various City departments for services that are being provided (data processing, accounting, personnel, etc.). This also includes insurance premiums charged to the various City departments by the City's Risk Management Fund which contracts with a third – party insurance carrier.
2. Reimbursements are recorded as expenditures/expenses in the reimbursing fund and as reductions of the expenditure/expense in the fund that is being reimbursed. Transactions which constitute reimbursements are expenditures/expenses of one fund that are properly applicable to another fund.
3. Transfers of resources from a fund receiving revenue to the fund where the resources are to be expended are recorded as other financing sources/uses and include only operating transfers which are legally authorized between funds.

E. Leases

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of vehicles and communications equipment for the general fund. These lease agreements qualify as capital leases

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for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Equipment and Machinery	\$ 2,236,913
Vehicles	733,227
Less: Accumulated Depreciation	(1,329,494)
Total	<u><u>\$ 1,640,646</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2003, are as follows;

Year Ending June 30,	General Fund
2004	\$ 609,095
2005	477,236
Total Minimum Lease Payment	<u>\$ 1,086,331</u>
Less: Amount Representing Interest	(85,463)
Present Value of Minimum Lease Payments	<u><u>\$ 1,000,868</u></u>

Operating Leases

The City has operating leases for certain buildings, transit equipment and data processing equipment. The library's Book-Stop space at the Villa Linda Mall and a copier are the only non-cancelable leases, requiring only payments for monthly common use charges. The remaining operating leases are renewable annually contingent upon available appropriations. Total costs for such leases were \$995,610 for year ended June 30, 2003. The minimum annual payments are as follows:

Fiscal Year	General Fund	Sweeney	Parking	MRC	Transit	CIP Administration
2003	\$ 442,960	\$ 1,840	\$ 275,058	\$ 5,152	\$ 10,000	\$ 260,600
2004	651,670	-	77,484	-	-	260,600
2005	33,192	-	32,184	-	-	-
2006	33,192	-	-	-	-	-
Total	<u><u>\$ 1,161,014</u></u>	<u><u>\$ 1,840</u></u>	<u><u>\$ 384,726</u></u>	<u><u>\$ 5,152</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 521,200</u></u>

F. Long-Term Debt

Long-term debt of the city at June 30, 2003 consisted of revenue bonds payable solely from gross receipts tax revenues, revenue bonds payable solely from revenues of enterprise funds, capital leases, and compensated absences payable. Long-term debt of the component units consist of revenue bonds payable solely from the rental revenues in the Santa Fe Housing Development Corporation.

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Year Ended 30-Jun	Governmental Activities		Business - Type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 6,675,000.00	\$ 5,639,985.00	\$ 4,280,000.00	\$ 4,971,805.00
2005	6,025,000.00	5,254,055.00	4,490,000.00	4,665,860.00
2006	6,375,000.00	4,955,610.00	4,005,000.00	4,349,365.00
2007	6,045,000.00	4,585,707.50	4,300,000.00	4,045,226.25
2008	6,355,000.00	4,282,705.00	4,640,000.00	3,677,590.00
2009 - 2013	40,035,000.00	15,471,862.50	27,185,000.00	13,798,861.25
2014 - 2018	19,150,000.00	6,293,312.50	28,075,000.00	6,315,852.50
2019 - 2023	15,295,000.00	3,101,125.00	4,515,000.00	1,521,337.50
2024 - 2028	-	-	2,640,000.00	74,250.00
Total	\$ 105,955,000.00	\$ 49,584,362.50	\$ 84,130,000.00	\$ 43,420,147.50

Notes payable – Primary Government

The water management fund has three notes payable to New Mexico Finance Authority (NMFA). The notes are to be paid from the gross revenues of the water enterprise less operation and maintenance expenses.

Note payable to NMFA issued on April 5, 2000 for the amount \$1,212,122 at 3% interest with a maturity date of May 1, 2020 for the drilling and equipping of two exploratory water wells.

Note payable to NMFA issued on April 5, 200 for the amount \$500,000 at 4.981% interest with a maturity date of April 2010 for the purchase of pump and generator equipment for an effluent fill station, and shop equipment.

Note payable to NMFA issued on April 5, 2000 for the amount \$472,223 at 5.362% with a maturity date of April 2010 for the purchase of system control and data acquisition equipment.

Drinking Water Program	\$ 1,105,695
Water Equipment	401,965
SCADA Project	374,466
	<u>\$ 1,882,126</u>
Less: Trust Account Balances	(417,459)
Total Notes Payable	<u>\$ 1,464,667</u>
Less: Current Portion	(151,213)
Total Long Term Notes Payable	<u>\$ 1,313,454</u>

The NMFA notes represent balances available to the City for water projects. The City makes payments on the entire amount of the notes even if the entire balance has not been drawn. Funds not drawn are kept in a trust account for the City and are applied to principal if the money is not drawn by a specified period.

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Changes in long-term liabilities

The changes in long-term debt during the year ended June 30, 2003, are as follows:

	Oustanding July 1, 2002	Additions	Reductions	Oustanding June 30, 2003	Due Within One Year
Governmental Activities:					
Revenue Bonds Payable	\$ 113,775,000	\$ -	\$ (7,820,000)	\$ 105,955,000	\$ 6,675,000
Compensated Absences	3,369,247	2,100,288	(2,205,004)	3,264,531	2,120,968
Additional Deferred Amount (prem)	915,588	-	(70,430)	845,158	70,430
Arbitrage Rebate Payable	3,805	-	-	3,805	-
Capital Leases	1,529,916	-	(520,250)	1,009,666	548,344
Governmental Activity	119,593,556	2,100,288	(10,615,684)	111,078,160	9,414,742
Business - Type Activities:					
Solid Waste Revenue Bonds	2,580,000	-	(975,000)	1,605,000	830,000
Water Revenue Bonds	68,240,000	-	(2,805,000)	65,435,000	2,935,000
New Mexico Finance Authority Loans	1,653,271	-	(143,670)	1,509,601	151,213
Municipal Recreation Complex Rev	17,585,000	-	(495,000)	17,090,000	515,000
Compensated Absences	1,833,455	1,181,412	(1,036,742)	1,978,125	1,978,125
Arbitrage Rebate Payable	-	1,622,095	-	1,622,095	1,554,881
Business - Type Activity	\$ 91,891,726	\$ 2,803,507	\$ (5,455,412)	\$ 89,239,821	\$ 7,964,219

Notes and Bonds Payable – Component Unit

The Santa Fe Housing Development Corporation (SFHDC) Multi-family Mortgage Revenue Refunding Bonds Series 1993A, issue amount \$3,365,000 were for the purpose of refinancing First Mortgage Revenue Bonds which were used for the construction of 100 units of housing which are occupied by elderly persons who qualify for assistance under Section 8 of HUD. The bonds are to be paid from the rental payments by tenants of the project and payments made by HUD in respect of the Housing Assistance Payment contract. The SFHDC is in compliance with all requirements as outlined in the bond ordinance.

The long-term debt at June 30, 2003, is as follows:

Santa Fe Housing Development Corporation bonds issued
on December 9, 1993, for \$3,250,000 at 5.5% - 6%
interest with a maturity date of February 1, 2018

Total Debt	\$ 2,670,000
Less: Current Portion	(100,000)
Total Long - Term	<u><u>\$ 2,570,000</u></u>

City of Santa Fe, New Mexico
Notes to the Financial Statements
June 30, 2003

Total aggregate maturing of the Santa Fe Housing Development Corporation's long-term debt at June 30, 2003, is as follows:

Years Ended June 30,	Amount Payable
2004	\$ 100,000
2005	110,000
2006	115,000
2007	120,000
2008	130,000
2008 and thereafter	2,095,000
Total	\$ 2,670,000

Defeased Debt

In prior years, the City defeased certain revenue and other bonds by placing the proceeds of the new bonds in irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On June 30, 2003, \$90,985,000 of bonds outstanding are considered defeased.

G. Segment information

Segment information reflects an activity reported as an enterprise fund or another stand-alone entity for which one or more revenue bonds or other revenue-backed debt instruments are outstanding based on a specific identifiable revenue stream pledged in support of the bonds. The City has three such enterprise funds: Solid Waste Management, Water Management, and the Municipal Recreation Complex (MRC). Financial segment information for these enterprise funds for the Fiscal Year Ended June 30, 2003, is as follows:

Condensed Statement of Net Assets June 30, 2003

	Water Management	Solid Waste	MRC	Total
Assets:				
Current Assets	\$ 30,335,133	\$ 3,926,239	\$ 2,257,931	\$ 36,519,303
Restricted	5,655,578	-	-	5,655,578
Capital Assets	70,866,056	3,219,631	11,129,521	85,215,208
Total Assets	106,856,767	7,145,870	13,387,452	127,390,089
Liabilities:				
Current Liabilities	7,917,451	628,132	93,912	8,639,495
Due To Other Funds	19,624,545	-	-	19,624,545
Current Liabilities Payable from Restricted Assets	2,935,000	830,000	515,000	4,280,000
Noncurrent Liabilities	65,886,969	787,897	16,575,000	83,249,866
Total Liabilities	96,363,965	2,246,029	17,183,912	115,793,906
Net Assets:				
Invested in Capital Assets Net of Related Debt	1,892,874	1,601,734	(5,960,479)	(2,465,871)
Restricted	8,599,928	-	2,164,019	10,763,947
Unrestricted	-	3,298,107	-	3,298,107
Total Net Assets	\$ 10,492,802	\$ 4,899,841	\$ (3,796,460)	\$ 11,596,183

City of Santa Fe, New Mexico
Notes to the Financial Statements
June 30, 2003

Condensed Statement of Revenues, Expenses, and changes in Net Assets June 30, 2003

	Water			
	Management	Solid Waste	MRC	Total
User Fees	\$ 27,100,848	\$ 7,477,676	\$ 1,231,628	\$ 35,810,152
Depreciation	(3,246,753)	(785,028)	(1,482,000)	(5,513,781)
Other Operating Expense	(11,589,103)	(6,959,752)	(749,640)	(19,298,495)
Operating Income	12,264,992	(267,104)	(1,000,012)	10,997,876
Nonoperating Revenues (expenses):				
Investment Earnings	555,319	89,607	108,357	753,283
Intergovernmental	1,586,829	-	2,700	1,589,529
Interest Expense	(4,404,648)	(176,297)	(973,633)	(5,554,578)
Other nonoperating Revenue	92,060	96	(526)	91,630
Operating Transfers In/Out	13,967	1,245,489	940,874	2,200,330
Capital Contributions	(2,156,473)	1,158,895	77,772	(919,806)
Change in Net Assets	10,108,519	891,791	(922,240)	10,078,070
Beginning Net Assets	384,283	4,008,050	(2,874,220)	1,518,113
Ending Net Assets	\$ 10,492,802	\$ 4,899,841	\$ (3,796,460)	\$ 11,596,183

Condensed Statement of Cash Flows June 30, 2003

	Water			
	Management	Solid Waste	MRC	Total
Net Cash Provided (used) by:				
Operating Activities	\$ 18,611,456	\$ 1,073,843	\$ 419,322	\$ 20,104,621
Noncapital Financing Activities	1,446,691	1,288,772	945,419	3,680,882
Capital and Related Financing Activities	(14,703,109)	(1,714,309)	(1,614,139)	(18,031,557)
Investing Activities	596,480	90,370	108,347	795,197
Net Increase (decrease)	5,951,518	738,676	(141,051)	6,549,143
Beginning Cash and Cash Equivalents	15,603,220	1,633,052	1,962,995	19,199,267
Ending Cash and Cash Equivalents	\$ 21,554,738	\$ 2,371,728	\$ 1,821,944	\$ 25,748,410

Discretely Presented Component Units

Condensed Statement of Net Assets June 30, 2003

	Housing	Housing	La	Section 8	Total
	Authority	Dev. Corp.	Cieneguita	Vouchers	
Assets:					
Current Assets	\$ 1,054,930	\$ 2,258,310	\$ 127,397	\$ 614,123	\$ 4,054,760
Capital Assets	7,890,128	1,649,973	2,649	-	9,542,750
Total Assets	8,945,058	3,908,283	130,046	614,123	13,597,510
Liabilities:					
Current Liabilities	568,630	194,150	54,736	199,283	1,016,799
Noncurrent Liabilities	-	2,570,000	-	-	2,570,000
Total Liabilities	568,630	2,764,150	54,736	199,283	3,586,799
Net Assets:					
Unrestricted	486,300	(505,840)	72,661	414,840	467,961
Invested In Capital Assets, net of related Debt	7,890,128	1,649,973	2,649	-	9,542,750
Total Net Assets	\$ 8,376,428	\$ 1,144,133	\$ 75,310	\$ 414,840	\$ 10,010,711

City of Santa Fe, New Mexico
Notes to the Financial Statements
June 30, 2003

Condensed Statement of Revenues, Expenses, and changes in Net Assets June 30, 2003

	Housing Authority	Housing Dev. Corp.	La Cieneguita	Section 8 Vouchers	Total
Operating Revenues	\$ 1,654,299	\$ 577,842	\$ 69,329	\$ 2,972,499	\$ 5,273,969
Operating Expenses	(2,009,587)	(455,733)	(52,825)	(3,104,951)	(5,623,096)
Operating Income	(355,288)	122,109	16,504	(132,452)	(349,127)
Nonoperating Revenues (expenses)	19,306	(119,860)	586	47,550	(52,418)
Change in Net Assets	(335,982)	2,249	17,090	(84,902)	(401,545)
Beginning Net Assets	8,712,410	1,141,884	58,220	499,742	10,412,256
Ending Net Assets	\$ 8,376,428	\$ 1,144,133	\$ 75,310	\$ 414,840	\$ 10,010,711

Condensed Statement of Cash Flows June 30, 2003

	Housing Authority	Housing Dev. Corp.	La Cieneguita	Section 8 Vouchers	Total
Net Cash Provided (used) by:					
Operating Activities	\$ 258,602	\$ 223,183	\$ 14,074	\$ (380,027)	\$ 115,832
Capital and Related Financing Activities	(185,579)	(27,799)	-	-	(213,378)
Investing Activities	24,869	(214,860)	586	47,550	(141,855)
Net Increase (decrease)	97,892	(19,476)	14,660	(332,477)	(239,401)
Beginning Cash and Cash Equivalents	715,763	2,268,095	103,898	773,610	3,861,366
Ending Cash and Cash Equivalents	\$ 813,655	\$ 2,248,619	\$ 118,558	\$ 441,133	\$ 3,621,965

H. Restricted assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Revenue Bond Current Debt Service Account (MRC)	\$ 34,981
Reserve requirement on Bond Issue (MRC)	1,513,000
Total Restricted Assets	<u>\$ 1,547,981</u>

V. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries various insurance. The City administers its insurance coverage through the Risk Management Office. The Risk Management Fund, Santa Fe Health Fund, Worker's Compensation Fund, and Retiree Health Care Fund are reported as Internal Service funds. Premiums are paid into the funds by all other funds and available to pay claims, claim reserves, and administrative costs of the programs. The City purchases commercial insurance for claims in excess of coverage provided by the funds and for other risks of loss. The City has had no significant reduction in insurance coverage from the prior year and, as of June 30, 2003; such interfund premiums did not exceed reimbursable expenditures.